INCOME TAX INSTALLMENT INCENTIVE ARTICLE 25 "NOT ATTRACTIVE FOR ENTREPRENEURS?"

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Submission: 09 April 2021

Revised: 21 May 2021

Accepted: 29 May 2021

Peer-review under responsibility of 5th ASIA International Multidisciplinary Conference 2021 (Online)

Scientific Committee

<http://connectingasia.org/scientific-committee/>

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Office # 6, First Floor, A & K Plaza, Near D Watson, F-10 Markaz, Islamabad. Pakistan,

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ABSTRACT

The COVID-19 pandemic has led to a decline in economic growth and tax receipts. To overcome this, the government has implemented a policy by provided provision of tax installment incentives on pph article 25. However, the absorption incentive is not in line with the government's expectations. This study analyzes the factors that cause the low absorption of tax installment incentives article 25. This research is qualitative study with an interpretive paradigm with phenomenological method. The research data comes from literature review, news and survey results of business people and the general public as taxpayers. The research find there are several factors that cause the utilization of the article 25 income tax incentive did not reach the target, namely: Economic conditions are still weak, level of beneficiary taxpayers is still low, socialization by the government has not been maximized, incentive schemes are not suitable for business sectors, slowness of the rules or guidelines for the implementation of the policies at the beginning of the insetif enforcement period, policies have not been driven by ease of processing requirements, lack of public understanding of the incentive delivery mechanism, time span is too close between the issuance of policies and the enactment of policies.

Keywords: *COVID-19, Tax Article 25, Tax Incentives*

RESEARCH HIGHLIGHTS

Pandemic COVID-19 has caused decline in economic growth and tax receive in Indonesia.

Taxpayers have not taken full advantage of tax incentive article 25 facility.

Weak economic condition which makes taxpayers unable to fulfill their tax obligations even though the government has provided tax relief.

The lack of absorption of pph article 25 tax installment incentives could be because the industry that can take advantage of this facility is an industry that actually does not need tax installment incentives, so this incentive is not utilized optimally.

Research Objectives

This research aims to analysis why the target of absorption or utilization of tax incentives article 25 in Indonesia is not achieved and to analysis factors that affect the absorption or utilization rate of tax incentives article 25 during the covid 19 pandemic.

Methodology

This research is a qualitative study with an interpretive paradigm with a phenomenological method. The object of this research is the Tax Incentive Policy for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic in Indonesia in 2020.

This research is a qualitative research with an interpretive paradigm with a phenomenological method.

The data of this research are the results of observation, literature review, and survey analysis of taxpayers' opinion regarding the provision of tax incentives. Respondent of this research

about 31 people from various background such as entrepreneur both from middle upper industry and small industry, business association organizations.

Results

Based on analysis it can be concluded that the absorption rate of the article 25 tax installment incentive is low due to various factors, namely the weak economic condition which makes taxpayers unable to fulfill their tax obligations even though the government has provided tax relief; the level of compliance of beneficiary taxpayers to report received tax incentives is still low; the socialization has not been optimal; Inadequate and uneven socialization across all types of industries and professions, government should conduct socialization by utilizing other media that are easier to reach and understand by taxpayers; Incentive schemes are not in accordance with the conditions of business actors. The scheme for providing incentives must be prioritized to the sectors that need it the most; The slowness of the rules or guidelines for the implementation of the policies at the beginning of the incentive enforcement period, so that technical explanations regarding the submission, calculation and reporting of incentives were deemed insufficient which resulted in a lack of public understanding of the mechanism for providing incentives; policies have not been driven by ease of processing requirements; the time span is too close between the issuance of policies and the enactment of policies.

Findings

Taxpayers have not taken full advantage of tax incentive article 25. On June 2020, the realization was IDR4.27 trillion or 29.6% (KONTAN, n.d.). Respond this condition, the government increase the percentage of article 25 tax installment deductions from 30% to 50% (Direktorat Jenderal Pajak, 2020a) and add more industry categories to enjoy this incentive, from 846 types of industry to 1013 (Direktorat Jenderal Pajak, 2020b). After the change the absorption capacity increase, although not yet maximally. On October 2020, the absorption of tax installment incentives article 25 reached IDR10.19 trillion, equivalent to 71% of the IDR14.4 trillion allocation (DDTC, n.d.).

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